



Memorandum

Date: September 26, 2014

To: John Kovash, Mayor
Members, West Linn City Council

From: Chris Jordan, City Manager *CJ*

Subject: Ordinance 1631, Establishing a Tax on the Sale of Marijuana

A Special Meeting of the West Linn City Council is scheduled for Wednesday, October 1, 2014, at 5:30 p.m. in the Bolton Conference Room at City Hall.

Background

In November, Oregon voters will be deciding if they wish to legalize the recreational use of marijuana when they vote on Measure 91. Among other things, Measure 91 establishes a state-wide tax on the sale of marijuana and it includes a ban on any local government from implanting a local tax on the sale of marijuana. In an effort to implement such a tax before the possible approval of Measure 91, many Oregon cities have approved, or are considering, a local sales tax.

Ordinance 1631

The proposed ordinance, which is very similar to those already adopted in other cities, would create a West Linn sales tax of 5% on medical marijuana and 10% on recreational marijuana. It is our understanding that cities have adopted taxes as low as 0% on medical marijuana, and as high as 20% on the sale of recreational marijuana. The ordinance requires sellers of marijuana to pay the tax quarterly and provides for the City to audit the sales of anyone distributing marijuana.

Staff does not believe that, if Measure 91 is approved, and if anyone begins to distribute marijuana in West Linn, this tax will generate significant revenues for the City. Our reason for bringing this proposal for Council consideration is the concern that if other cities near West Linn adopt such a tax and West Linn does not, West Linn could be viewed as a tax-free haven for marijuana sellers and distributors. We do not believe that this would be in the community's best interests.

If approved, the Council can always repeal the tax at a later date, but the Council will not be able to consider implementing such a tax after November 4 should Measure 91 receive voter approval.

Recommendation

Staff recommends the Council consider Ordinance 1631 and the preferred amount of the tax for the medical marijuana and recreational marijuana sales, and adopt the ordinance.

Because the ordinance needs to be in effect by November 4, we would encourage the Council to make its decision unanimously so a second reading can be accomplished on October 1. If there is not unanimity, the Council will need to reconvene for a second reading at least one day after the first reading.